BALANCED BUDGET ACT/Medicare Eligibility Age

SUBJECT: **Balanced Budget Act of 1997 . . . S. 947. Roth motion to waive section 313(b)(1)(A) of the Budget Act for the consideration of section 5611.**

ACTION: MOTION AGREED TO, 62-38

SYNOPSIS: As reported, S. 947, the Balanced Budget Act of 1997, will make net mandatory spending reductions to achieve the savings necessary to balance the budget by 2002 and to provide the American people with tax relief. This bill is the first reconciliation bill that is required by H.Con. Res. 84, the Budget Resolution for fiscal year (FY) 1998 (see vote No. 92). The second bill will provide tax relief (see vote No. 160).

Section 5611 will raise the eligibility age for receiving Medicare from 65 to 67. The change will be phased in between 2003 and 2027. This increase in the eligibility age for Medicare will conform with the scheduled increase in the Social Security retirement age.

Senator Durbin raised a point of order that section 5611 of the bill violated section 313(b)(1)(A) of the Budget Act because it did not change outlays or revenues during the required period of time. Senator Roth then moved to waive that section for the consideration of section 5611. Debate on a debatable motion to a budget resolution is limited to 1 hour. Generally, those favoring the motion to waive favored the section; those opposing the motion to waive opposed the section.

NOTE: A three-fifths majority (60) vote is required to waive section 313(b)(1)(A).

Those favoring the motion to waive contended:

When Social Security was enacted in the 1930s, the average life expectancy for Americans was substantially less than 65 years. In other words, most people were expected to work until they died without collecting even a penny in benefits. A small amount was collected from all workers to pay for the minority of Americans who lived past 65. For a variety of reasons, people are now living longer. This fact nearly bankrupted Social Security in the 1980s because many more people than originally planned were collecting

(See other side)

YEAS (62)

Republicans (50 or 91%)		Democrats (12 or 27%)
Abraham	Hutchinson	Baucus
Allard	Hutchison	Breaux
Ashcroft	Inhofe	Bryan
Bennett	Jeffords	Conrad
Bond	Kempthorne	Feinstein
Brownback	Kyl	Glenn
Burns	Lott	Graham
Campbell	Lugar	Kerrey
Chafee	Mack	Kohl
Coats	McCain	Lieberman
Cochran	McConnell	Moynihan
Craig	Murkowski	Robb
DeWine	Nickles	
Domenici	Roberts	
Enzi	Roth	
Faircloth	Santorum	
Frist	Sessions	
Gorton	Shelby	
Gramm	Smith, Bob	
Grams	Smith, Gordon	
Grassley	Stevens	
Gregg	Thomas	
Hagel	Thompson	
Hatch	Thurmond	
Helms	Warner	

NAYS (38)

Republicans (5 or 9%)	Democrats (33 or 73%)	
Collins	Akaka	Kennedy
Coverdell	Biden	Kerry
D'Amato	Bingaman	Landrieu
Snowe	Boxer	Lautenberg
Specter	Bumpers	Leahy
	Byrd	Levin
	Cleland	Mikulski
	Daschle	Moseley-Braun
	Dodd	Murray
	Dorgan	Reed
	Durbin	Reid
	Feingold	Rockefeller
	Ford	Sarbanes
	Harkin	Torricelli
	Hollings	Wellstone
	Inouye	Wyden
	Johnson	

NOT VOTING (0)

Republicans (0)	Democrats (0)

EXPLANATION OF ABSENCE:
1—Official Business
2—Necessarily Absent
3—Illness
4—Other

SYMBOLS:
AY—Announced Yea
AN—Announced Nay
PY—Paired Yea
PN—Paired Nay

benefits, and they were collecting them for longer than expected periods of time. In 1983, reforms were enacted. One of those reforms was to raise the retirement age from 65 to 67 over a 24-year period, starting in 2003. Those reforms greatly extended the solvency of the Social Security program. Reforms were not enacted to Medicare, though, because at that time Medicare was not going broke. Now, though, it is going broke very rapidly. The outstanding liability currently is $2.6 trillion; in 10 years it will be $3.9 trillion; in 20 years it will be $6.1 trillion (which is more than the current national debt). Of course, if nothing is done Medicare will be officially insolvent in 2001, long before it reaches that level of liability.

One very sensible and modest reform proposed by this bill is to raise the eligibility age to 2007. Medicare is a Government health insurance plan for retirees. When the Social Security retirement age is 67, most Americans will work until age 67. When they retire at age 67 they should start receiving Medicare, but they should not receive it before then. We are aware that some people now, and some people in the future, will voluntarily elect to take early retirement and receive reduced Social Security benefits. People who currently elect to retire at age 62 do not receive Medicare until age 65. Those people must obtain their health benefits on their own. They do not need to retire early; that decision is up to them. Still, this bill will instruct the bipartisan Commission on the Future of Medicare to analyze and report on the feasibility of allowing individuals between age 62 and the age of Medicare eligibility to purchase Medicare coverage. We would like for people who retire early to have a broad range of health care options from which to choose, including Medicare, but only so long as their choices do not hurt the solvency of Medicare.

Under this bill, the higher Medicare eligibility age will not be fully phased in until 2027. People who are currently 37 will be 67 in that year. Many of our liberal Democratic colleagues seem to think that today's 37-year-olds will have a hard time over the course of the next 30 years making the necessary arrangements to make sure they have medical insurance between ages 65 and 67. They think that 30 years just is not enough time to plan. They also think that adults older than 37 and under 59 (people age 59 and older will not be affected at all) will have trouble making plans for the lesser additional periods of time that they will have to obtain insurance. For instance, people who are 58 now will have a Social Security and Medicare eligibility age of 65 and 2 months. Our colleagues think that 8 years just is not enough advance notice for obtaining 2 months of insurance. We respectfully disagree.

The most offensive part of this amendment is that it ignores the actuarial reality that Medicare must be reformed. People are living longer and having fewer children. In 1965, there were 5.5 workers for every beneficiary; by 2030 there will only be 2.3 workers per beneficiary. Our colleagues refuse to face this reality--all they say is the eligibility age has been 65 so it must be kept there. At what cost? Are they willing to increase the tax by 66 percent on the remaining workers, which is the immediate tax hike that the 1997 Medicare trustees' report says would be required to extend solvency for just 25 years? Are they going to ration care? Are they going to make market-based reforms to make the program more efficient and effective? Are they going to let the program go broke or reach a huge crisis state? The last seems to be the only option in this debate that they are willing to consider, because they will not make any constructive proposals.

The proposal to increase the eligibility age is a bipartisan solution that is intended solely to strengthen the Medicare program. Our colleagues can wring their hands and cry about how compassionate they are, but their solution, to do nothing, is cruel. We oppose their cruel solution, no matter its political expediency, and thus strongly support the motion to waive the Budget Act for the consideration of the provision to raise Medicare's eligibility age.

Those opposing the motion to waive contended:

People who have worked for decades and paid into the Medicare system on the promise that benefits will be given them when they reach age 65 should not have the rug pulled out from under them now in order to save money. Denying benefits for 2 years to people who have worked for and earned those benefits is not a fair or humane way to save money. Health care costs are rising rapidly, especially for the elderly. The cost of private insurance for people in their 60s is around $10,000 annually. Many private insurers, especially through businesses, do not even offer coverage anymore. The ranks of the uninsured working elderly in their early 60s are growing. Once Americans reach 65, they are covered by Medicare, but before then many of them put off needed medical care and just hope they can survive until age 65. Our colleagues' proposal is to pull up the ladder a little bit higher.

Some Senators have said that this bill provision to raise the eligibility age will simply bring the program into line with the Social Security program. They are wrong for two reasons. First, under the Social Security program people are allowed to retire at age 62. No such option exists under Medicare. What are people supposed to do for health care between ages 62 and 67? A gap of 3 years already exists in current law for early retirees; this provision will make it a 5-year gap. The second problem is that the Social Security change was made in 1983. It did not affect people who had already entered their working careers and begun planning for their retirements. This provision, though, will affect all Americans who are currently working.

Raising the eligibility age will move the country in the wrong direction. Every American should be guaranteed access to health care as a right. We urge Senators not to move away from universal health care. We urge them to oppose the motion to waive.